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CLIFTON MINING COMPANY

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April 8th, 2002

Mary Ann Wright
State Of Utah Department of Natural Resources
Division Of Oil, Gas, and Mining
PO. Box 145801
Salt Lake City, UT 84114-5801

Dear Ms. Wright,

Clifton Mining Company is in receipt of your letter dated February 20, 2002, about the partial release of surety associated with both Clifton Mining Company's (Clifton) and American Consolidated Mining Company's (American) reclamation bonds. Clifton has been given the information to also respond in this matter for and in behalf of American.

Again, we must reiterate that there is no third party that has any legal right to any bond money which has been put into trust with DOGM by Clifton and American.

We see the matter as being very simple. We put up the money in cash, in trust with DOGM, in good faith. No one ever asked us to use our money or informed us that they intended to do so, until we received a letter from DOGM, volunteering to donate our money to some third party, for expenses the third party incurred by their own choice, on property which they voluntarily took possession of. We see this matter as a serious potential breach of trust by DOGM and its employees, with both Clifton and American's money.

The disturbance on the Keiwi area was neither made by Clifton nor American. The disturbance was made by Goldstack Mining Company, who worked directly with the BLM on the project. Because none of the property was patented (it was all BLM land) and we were not involved in the permitting of the exploration work, Goldstack worked directly with the BLM, and DOGM was not involved. Later, when Goldstack had left the property, because none of our personnel had been directly involved in the exploration permitting process, none of us had any idea, as to the state of

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reclamation work by Goldstack with the BLM or exactly how much disturbance had been left unreclaimed etc.

We were contacted about a year later, by Mr. Tom Munson of DOGM, evidently DOGM had done a fly over of the area and had discovered the disturbance. American held the lions share of the Kiewit property, but Clifton held and still does hold, a portion of the south end of the Kiewit property, where the shear veins cross over on to it. It was subsequently found that the bonding for the property was lacking and no one at the BLM could remember what was going on with it.

Even though Clifton owned a only a minority position of the Kiewit property, which it still owns currently and also because of the DOGM rule that exists, that a company cannot have two different exploration permits within a half mile of each other and considering that Clifton had just completed the majority of its reclamation work (*when it was asked to do so by DOGM*) and much of its bond money had been subsequently freed up, Clifton agreed to cover the Kiewit property disturbance with its bond money. Neither American, nor IMM or anyone else, have ever had any agreements with Clifton as to any transaction involving Clifton's bond money. Because Clifton owns and has onsite, all of the equipment necessary to do any reclamation work it needs to do on it's own properties, Clifton knew that should the need to reclaim the Kiewit site arise, it could easily and inexpensively do so at little cost. Neither Clifton nor American caused the disturbance, but because of the situation and Clifton's desire to work well with DOGM, Clifton agreed to use some of its \$17,600.00 reclamation bond money to cover the disturbance, until other arrangements could be made. So, Clifton was obviously shocked and dismayed, when Clifton received a letter from DOGM stating that the property had been reclaimed and that DOGM intended to give Clifton's money to an unrelated third party, without even having the courtesy of sending a preliminary letter informing Clifton of what they intended to do!

Having said all this, and in a true spirit of cooperation, the management of both Clifton and American agree, that should IMM give American Consolidated Mining Company a full release of the indebtedness for the property it has already taken possession of, then and only then, will management agree to turn over the ownership of the \$10,522.00 Yellow Hammer bond to IMM.. But under no condition is any of Clifton's bond money to be released to IMM or anyone else except to Clifton's management. Should IMM decide not to give a full release to American, then under no condition will American agree to release the Yellow Hammer bond moneys.

As also stated in our last letter, Clifton asks that its \$17,600.00 bond money be released post haste so that other demands on the Company can be met. Clifton again reminds DOGM that neither it, nor American was ever notified of any demand, that the property was to be reclaimed.

Sincerely,



Keith W. Moeller, Property Manager

CLIFTON MINING COMPANY and AMERICAN CONSOLIDATED MINING